

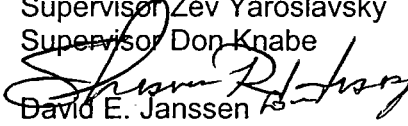


County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

September 12, 2006

To: Mayor Michael D. Antonovich
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
From: 
David E. Janssen
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

**QUARTERLY REPORT FOR REQUEST FOR PROPOSALS FOR MEDICAL MALPRACTICE
AND HOSPITAL LIABILITY CLAIMS ADMINISTRATION AND LEGAL DEFENSE
MANAGEMENT SERVICES**

On December 20, 2005, on motion by Supervisor Yaroslavsky, your Board instructed the Chief Administrative Office (CAO) to facilitate the creation of a working committee, with representatives from the Departments of Health Services, Coroner, Mental Health, Sheriff, Fire, and County Counsel, to develop program performance and requirement language for the solicitation of medical malpractice and hospital liability and legal defense management (medical malpractice) services; meet regularly and work collaboratively with the working committee towards the development of a Request for Proposal (RFP); provide a written plan of action and timeline to your Board in 30 days; and provide quarterly reports to your Board until recommendations for medical malpractice services are presented to your Board. On June 21, 2006, the CAO provided your Board the second quarterly report concerning the medical malpractice RFP. This memorandum is the third quarterly report concerning the delivery of medical malpractice services.

Bid proposals for medical malpractice services were received by the June 8, 2006, submission deadline. The evaluation committee, consisting of representatives from the Departments of County Counsel, Health Services, Sheriff and the CAO, as well as a representative from the CAO's Risk Management Advisory Committee, conducted a thorough and comprehensive evaluation process, based strictly on the criteria contained in the RFP. Based on the results of the evaluation process, the CAO will be recommending the award of a contract with a third party administrator (TPA) for the County of Los Angeles (County) claims administration and medical malpractice services. The CAO is targeting the October 31, 2006 Board agenda meeting to present for your consideration, recommendations for the delivery of medical malpractice services.

On December 20, 2005, your Board also instructed the CAO to report on the feasibility of assigning responsibility for the adjusting of the County's medical malpractice tort liability claims to the CAO, effective January 1, 2007. Concurrent with the medical malpractice RFP process,

the CAO analyzed the feasibility of centralizing the County's medical malpractice claim adjusting function into the CAO. Based on our analysis, the CAO recommends that the medical malpractice claim adjusting function continue to be assigned to the County's TPA. This recommendation is consistent with the CAO's recommendation to contract the medical malpractice services with a TPA. Currently, the CAO does not possess the resources and expertise to establish a fully operational in-house medical malpractice program, effective January 1, 2007. In order to establish an effective and efficient claim adjusting program, it is critical to recruit experienced and knowledgeable staff with claim adjusting expertise. Although we are pursuing qualified candidates both within and outside the County to perform the claim adjusting function, the CAO's recruitment efforts have resulted in a limited number of candidates with the technical expertise required to perform this function.

Notwithstanding the CAO's recommendation, we continue to take steps to strengthen and improve the medical malpractice claim adjusting services. The CAO previously informed your Board that a number of requirements were included in the medical malpractice RFP to improve and strengthen the contractor's medical malpractice claim adjusting services. One of the RFP changes for medical malpractice services excluded employee practice liability claims administration services from the RFP statement of work to better focus the contractor's services solely on medical malpractice claims. The CAO will be working closely with the current TPA to transition existing employee practice liability claims to Carl Warren and Company, the County's TPA for general and employment liability claims. In addition, the CAO continues to recruit additional staff to expand the CAO's current tort liability claim monitoring functions, which include support of and participation in pre-roundtable, pre-roundtable conference calls, and roundtable meetings, or future tort claims adjusting responsibilities.

The CAO was instructed by your Board to provide you with quarterly reports until recommendations for medical malpractice services are presented to your Board. As such, since the CAO will be presenting recommendations for medical malpractice services to your Board on October 31, 2006, this third quarterly report will be the final quarterly report submitted to your Board.

If you have any questions, please contact me or your staff may contact Rocky A. Armfield, County Risk Manager, at (213) 351-5346.

DEJ:RAA
CA:mtm

c: Sheriff
Executive Officer, Board of Supervisors
County Counsel
Department of Coroner
Fire Department
Department of Health Services
Department of Mental Health